

## **MINUTES**

### **MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON FINANCE AND CLAIMS**

**Call to Order:** By **CHAIRMAN CHUCK SWYSGOOD**, on January 28, 1999  
at 2:12 P.M., in Room 108 Capitol.

#### **ROLL CALL**

**Members Present:**

Sen. Chuck Swysgood, Chairman (R)  
Sen. Tom Keating, Vice Chairman (R)  
Sen. Tom A. Beck (R)  
Sen. Chris Christiaens (D)  
Sen. William Crismore (R)  
Sen. Eve Franklin (D)  
Sen. Greg Jergeson (D)  
Sen. Bob Keenan (R)  
Sen. J.D. Lynch (D)  
Sen. Dale Mahlum (R)  
Sen. Ken Mesaros (R)  
Sen. Ken Miller (R)  
Sen. Arnie Mohl (R)  
Sen. Linda Nelson (D)  
Sen. Debbie Shea (D)  
Sen. Mike Taylor (R)  
Sen. Daryl Toews (R)

**Members Excused:** Sen. Mignon Waterman (D)

**Members Absent:** None.

**Staff Present:** Shannon Gleason, Committee Secretary  
Clayton Schenck, Legislative Branch

**Please Note:** These are summary minutes. Testimony and  
discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: SB170, 1/23/1999  
Executive Action:

**Sponsor:** **SEN. MIKE TAYLOR, SD 37, PROCTOR**

**Proponents:** **Peter Blouke**, Department of Commerce  
**Alec Hansen**, League of Cities and Towns  
**Jim Edgcomb**, Department of Commerce  
**Newell Anderson**, Department of Commerce  
**REP. EARNEST BERGSAGEL, DIST. 95, MALTA**

**Opponents:** None

**Opening Statement by Sponsor:**

**SEN. TAYLOR** advised this comes from the Jobs and Income Committee and was reviewed in a non partisan form and agreed it should be brought for consideration to the Senate. This bill would allow communities quicker access to funds in the Treasure State Endowment. **SEN. TAYLOR** explained currently the funds are allocated by the Department of Commerce using a formula list that has never been updated by the Legislative body, and communities wait several years to be eligible for project funding due to the current formulas. **SEN. TAYLOR** advised the way to expedite this would be to allow the funding to be reviewed by the Jobs and Income Committee instead of the Legislature, he acknowledged control of these funds would no longer be under the Legislature. **SEN. TAYLOR** used a sewage spill in Kalispell as an example of a need to get funds for clean up but the request is being held up under the current formula. **SEN. TAYLOR** advised the longer the wait, the higher the cost increases for the projects, sometimes 10-15%. **SEN. TAYLOR** wanted to dispel the skepticism about the Jobs and Income Committee, and advised the committee was an IG committee and this had not been set up prior but was similar to the Inspector General Committee that reviews programs and make recommendations to the Legislature. **SEN. TAYLOR** advised the goal was to have appointed people able to make decisions in the interim.

**Proponents' Testimony:**

**Peter Blouke**, Department of Commerce, stated this bill contained two components he felt were important and were as follows: opportunities for communities to receive an annual review for funds from the Treasure State Endowment Grant, and a change of statutory criteria used to review the proposals. **Dr. Blouke** noted his department did not want to lose the bill due to the annual cycle component because he believes the criteria for the formula needs to be changed. **Dr. Blouke** thought there were amendments for this bill.

**Alec Hanson**, League of cities and Towns, referred to an amendment he felt was forthcoming, and explained 10% of the funds going into the Treasure State Endowment would be set aside to cover projects on an emergency and special basis during the interim year. **Mr. Hansen** felt this was an acceptable compromise, and maintaining a steady flow of funds is important when trying to put together a large public works project in the state. **Mr. Hansen** advised there were several elements including CI-75, to consider in a project and keeping delay cost to a minimum was crucial.

**REP. BERGSAGEL**, HD 95 and **Chairman** of Long Range Planning, rose in support of the changes authorizing revised review procedures for programs. **REP. BERGSAGEL** also supported the 10% emergency fund but did not support the concept of the long range planning meeting in the interim. **REP. BERGSAGEL** suggested the amendment was proposing \$500,000.00 to be set aside for planning and he suggested that not be approved until the status of **SEN. SWYSGOOD's** bill is determined since there is also \$500,000.00 set aside in it.

**Questions from Committee Members and Responses:**

**SEN. LYNCH** asked **SEN. TAYLOR** who was going to be on the Commission, the response was that the commission would be comprised of seven people from various backgrounds and appointed by the Governor.

**SEN. LYNCH** wondered if all these members were going to be from Helena, **SEN. TAYLOR** advised he believed they would be from throughout the state.

**CHAIRMAN SWYSGOOD** wondered where the amendments for this bill were, **SEN. TAYLOR** advised he thought they had been delivered but he would get them here for review.

**SEN. LYNCH** commented he thought the Legislature had changed priorities and the current review was not a rubber stamp, **Dr. Blouke** agreed there never was a rubber stamp approach, however he noted the rankings have not changed. **Dr. Blouke** advised the funding levels had changed. **SEN. LYNCH** wanted to know what had been done with respect to the ranking system, **Mr. Anderson** advised the Legislature had not changed the ranking formula, the amounts had changed, but not the ranking.

**SEN. KEATING** asked **Mr. Anderson** what the flow of money was, **Mr. Anderson** explained the Treasure State Endowment Program was set up by an initiative. **Mr. Anderson** advised 50% of the receipts go

into the Treasure State Endowment Trust Fund and 50% go into a big trust that accumulates. **Mr. Anderson** further explained the base money in the trust can not be spent, only the interest earned can be used for projects. **SEN. KEATING** said he thought the interest money went into an account, then the Department of Commerce receives applications from people for the money for projects, the applications were reviewed to ensure the projects comply with statutes and prioritized then a list was presented to the Legislature, **Mr. Anderson** concurred. **SEN. KEATING** noted there was nothing in the bill that states transfer of Legislative authority to the Jobs and Income Commission, and asked if this was going to cut the Legislature out of the process, **CHAIRMAN SWYSGOOD** advised he felt that was the case.

**SEN. KEATING** wanted to know if that was the case who was going to appropriate the money, **SEN. SWYSGOOD** thought the commission was, however noted there is an amendment out there somewhere and noted the bill had problems because they are trying to bypass the Legislative process. *{Tape : 1; Side : A; Approx. Time Counter : 2:28}*

**SEN. CHRISTIAENS** noted there is a process now for emergencies and wondered how that worked, **Mr. Anderson** advised the Governor has an emergency fund set aside for emergencies like the Kalispell spill, **Mr. Anderson** was unsure how it worked other than it was a discretionary fund and very limited. **SEN. SWYSGOOD** advise it was \$2,000,000.00.

**SEN. LYNCH** advised he didn't like the bill because it cut the Legislature out of the process and wondered why in the interim the sponsor didn't give authority to a legislature interim committee, **SEN. LYNCH** noted he has not heard of very many complaints on the process. **SEN. TAYLOR** advised that was the first intent, however the Interim Committee does not have the authority to grant funds.

**SEN. BECK** advised it was his understanding the appropriations would be made during the Legislature, however the spending would occur after session and the grants being issued are not at the Legislatures discretion. **SEN. TAYLOR** advised that was not his understanding, he understood the Department of Commerce was going to still follow the ranking. **SEN. BECK** questioned how that was possible and who in the interim was approving the requests. **Dr. Blouke** advised it was his understanding the Legislature would retain the appropriation authority but delegate the specific grant funding of the program, similar to the Growth Through Agriculture program. **Dr. Blouke** noted the difference between the two is there is specific criteria in the statute the committee

would have to follow in making recommendations. **SEN. BECK** stated currently the Legislature reviews specific grants to fund and this would allow the Legislature to set aside money for the committee to review grant requests and decided what to fund. **Dr. Blouke** concurred.

**SEN. TAYLOR** introduced the proposed amendment **EXHIBIT(fcs22a01)** and advised the committee it took the Jobs and Income Committee out of this.

**SEN. MILLER** inquired how this was going to turn the economy around, **SEN. TAYLOR** felt if the process was expedited money would be saved on overrun costs and that could be used for employment on other projects.

**SEN. NELSON** asked for someone to explain the amendments, **Mr. Anderson** advised the amendments take the program back to the way it is today, with the following exceptions: 10% of the money appropriated for projects would be set aside for emergencies during the interim, changes in the ranking criteria, and allowing for funds to be revoked if a grant is allowed and other funding, i.e. a mill levy for the project falls through.

**Sen. Beck** wanted to know how much 10% was, and is there still a limit on the number of grants for the emergency fund, **Mr.**

**Anderson** advised the 10% equaled \$880,000.00 this year and \$1,200,000.00 next year. **Mr. Anderson** stated the limit on the emergency grants were \$500,000 per project, and it had to qualify as an emergency. **Mr. Anderson** noted this was not an easy way to get money without review. **SEN. BECK** advised **Mr. Anderson** he hoped if the projects don't cost \$500,000.00, only the funds needed would be spent.

**SEN. MOHL** referred to **SEN. KEATING'S** question on the Governor's authority to use the fund and added he thought there already was a fund. **SEN. MOHL** noted on line four the authorization for emergency funds was now going to the Department of Commerce and wondered if authorization had been taken away from the Governor.

**Dr. Blouke** acknowledged there is currently a fund for emergencies such as fire or disasters that the Governor oversees, this fund was for infrastructure emergencies within the Treasure State Endowment Projects, i.e. a well or lagoon problem.

**CHAIRMAN SWYSGOOD** noted the amendments took care of several concerns on authority, however there was one area in Section 3 item 2 that was still a concern. **CHAIRMAN SWYSGOOD** interpreted this Section to say there would be money advanced prior to a levy being voted on, and there were no assurances other than someone's

word the funds would be returned to the trust if the levy failed. **Mr. Anderson** advised prior to the funds being released the project must be completed. **CHAIRMAN SWYSGOOD** wanted to know why that Section was in there, **Jane Hamman**, Budget Office, advised the committee Section 3 would be codified under the regular Treasure State Endowment Grants that are reviewed by Long Range Planning. **Ms. Hamman** noted this was modeled after **SB 194** and is comparable since projects may have multiple funding sources there may be a need to go to the voters to pay for a loan that was part of the funding source. **CHAIRMAN SWYSGOOD** stated he had a problem with that because what was happening is the grant would then be planning money and there are bills out there for planning in Natural Resource Committee. **Jim Edgecomb**, Manager of the Treasure State Endowment Project, advised the money was for the final design, not the planning. **CHAIRMAN SWYSGOOD** advised he still had a problem with this since they were lacking one big part, the vote of the people to approve the increase, and this was allowing funds out before that happened. **Mr. Edgecomb** advised the projects could not go to a vote until the final design was completed and the cost determined. **SEN. BECK** advised currently that is what is happening.

**Closing by Sponsor:**

**SEN. TAYLOR** closed.

**CHAIRMAN SWYSGOOD** asked staff to review the amendment and especially Section 3.

**ADJOURNMENT**

Adjournment: 2;46 P.M.

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SEN. CHUCK SWYSGOOD, Chairman

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SHANNON GLEASON, Secretary

CS/SG

**EXHIBIT (fcs22aad)**